



School Board Briefing/Proposed Action Report

Informational (no action required by Board) **Action Report** (Board will be required to take action)

DATE: October 6, 2015
FROM: Dr. Larry Nyland, Superintendent
LEAD STAFF: Ken Gotsch, Assistant Superintendent for Business & Finance, 206.252.0086; Linda Sebring, Budget Director, 206.252.0242

I. TITLE

Operations Levy and Authorizing Resolution 2015/16-9 **For Introduction:** October 21, 2015
For Action: November 4, 2015

II. WHY BOARD ACTION IS NECESSARY

The current Operations Levy will expire in calendar year 2016. The Operations Levy funds day-to-day educational programs and services not fully funded by the State. A renewal Operations Levy is proposed to be placed on the ballot at the statutory levels for calendar years 2017 (\$229.4 million), 2018 (\$250.3 million) and 2019 (\$278.6 million) for a total of \$758.3 million over the three-year term.

III. FISCAL IMPACT/REVENUE SOURCE

The proposed Operations Levy would have a total revenue estimate of \$758.3 million in voter-approved tax levy collections.

The revenue source for this motion is annual property taxes.
Expenditure: N/A One-time Annual Other Source

IV. POLICY IMPLICATION

The Operations Levy and Authorizing Resolution are in compliance with the following policies:

- 6000 Program Planning, Budget Preparation, Adoption and Implementation
- 6100 Revenues from Local, State and Federal Sources

V. RECOMMENDED MOTION

I move that the Seattle School Board accept the proposed Operations Levy and adopt Resolution 2015/16-9 which places a three-year levy totaling \$758.3 million dollars on the February 9, 2016 ballot, as attached to the Board Action Report.

VI. BOARD COMMITTEE RECOMMENDATION

This motion was reviewed at the October 6, 2015 meeting of the Audit & Finance Committee. The committee moved the item forward to the full Board with a recommendation for approval.

The Operations Committee reviewed the item on October 15, 2015 and also moved the item forward to the full Board with a recommendation for approval.

VII. BACKGROUND INFORMATION

The voters of Seattle have generously approved Operations levies for nearly 40 years. The Operations Levy provides about 25% of Seattle Public Schools' operating budget and includes funding for basic day-to-day operations, teachers, instructional assistants, bilingual and special education services, bus transportation, student activities such as athletics, arts, extra-curricular and co-curricular activities, professional development and training.

VIII. STATEMENT OF ISSUE

This proposal continues voter-approved funding at the statutory rate. Without this funding, approximately 25% of Seattle Public Schools General Fund revenue would be lost.

IX. ALTERNATIVES

Failure to pass Resolution 2015/16-9 would result in the District reducing future year General Fund budgets by approximately 25%.

X. RESEARCH AND DATA SOURCES / BENCHMARKS

Not Applicable

XI. TIMELINE FOR IMPLEMENTATION / COMMUNITY ENGAGEMENT

Upon approval of this motion, the Operations Levy Resolution will be delivered to the King County Elections Office for placement on the February 9, 2016 Special Election ballot. Five community meetings were held in September 2015 to share information about the Operations Levy as well as the Capital (BTA IV) Levy. [On October 28, 2015 Public Comment Session was held and 11 members of the public commented.](#)

XII. ATTACHMENTS

- Resolution 2015/16-9
- Seattle Public Schools Levy Information
- 2015 Levy Statistics

SEATTLE SCHOOL DISTRICT NO. 1
KING COUNTY, WASHINGTON

OPERATIONS LEVY

RESOLUTION NO. 2015/16-9

A RESOLUTION of the Board of Directors of Seattle School District No. 1, King County, Washington, providing for the submission to the qualified electors of the District at a special election to be held therein on February 9, 2016, of the proposition of whether excess taxes should be levied of \$229,400,000 in 2016 for collection in 2017, \$250,300,000 in 2017 for collection in 2018 and \$278,600,000 in 2018 for collection in 2019, said excess taxes to pay part of the educational programs and operations costs of the District.

ADOPTED November 4, 2015

RESOLUTION NO. 2015/16-9

A RESOLUTION of the Board of Directors of Seattle School District No. 1, King County, Washington, providing for the submission to the qualified electors of the District at a special election to be held therein on February 9, 2016, of the proposition of whether excess taxes should be levied of \$229,400,000 in 2016 for collection in 2017, \$250,300,000 in 2017 for collection in 2018 and \$278,600,000 in 2018 for collection in 2019, said excess taxes to pay part of the educational programs and operations costs of the District.

WHEREAS, the money in and to be paid into the General Fund of Seattle School District No. 1, King County, Washington, (the "District") during the 2016-2017, 2017-2018, 2018-2019 and 2019-2020 school years will be insufficient to enable the District to pay for necessary educational programs and operations and to properly meet the educational needs of the students within the District, including students attending charter schools to the extent mandated by RCW 28A.710.220(8), without additional funds in excess of the maximum annual tax levy permitted by law to be levied within the District without a vote of the electors; and

WHEREAS, in order to properly provide for such educational programs and operations and such educational needs, the Board of Directors of the District deems it necessary to levy the following taxes upon all of the taxable property within the District in excess of the maximum annual tax levy permitted by law to be levied within the District without a vote of the electors:

- A. A tax of approximately \$1.38 per thousand dollars of assessed valuation to provide \$229,400,000, said levy to be made in 2016 for collection in 2017; and
- B. A tax of approximately \$1.44 per thousand dollars of assessed valuation to provide \$250,300,000, said levy to be made in 2017 for collection in 2018; and
- C. A tax of approximately \$1.53 per thousand dollars of assessed valuation to provide \$278,600,000, said levy to be made in 2018 for collection in 2019; and

WHEREAS, the Constitution and laws of the State of Washington require that the question of whether or not such excess taxes may be levied must be submitted to the qualified electors of the District for their ratification or rejection;

WHEREAS, the Board of Directors finds that preparation of a voters' pamphlet would inform and educate the voters regarding the proposition; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SEATTLE SCHOOL DISTRICT NO. 1, KING COUNTY, WASHINGTON, as follows:

Section 1. The following taxes for the District's General Fund should be levied upon all of the taxable property within the District in excess of the maximum annual tax levy permitted by law to be levied within the District without a vote of the electors:

- A. \$229,400,000, said levy to be made in 2016 for collection in 2017; and
- B. \$250,300,000, said levy to be made in 2017 for collection in 2018; and
- C. \$278,600,000 said levy to be made in 2018 for collection in 2019.

The estimated levy rate depends upon the final dollar amount of assessed value of the property within the District. Based on available information, the estimated levy rate for the 2016 levy is \$1.38 per thousand dollars of assessed valuation (\$166,826,356,224 of assessed value), the estimated levy rate for the 2017 levy is \$1.44 per thousand dollars of assessed valuation (\$174,049,937,449 of assessed value) and the estimated levy rate for the 2018 levy is \$1.53 per thousand dollars of assessed valuation (\$181,882,184,634 of assessed value). The exact levy rate shall be adjusted based upon the actual assessed value of the property within the District at the time of the levy. Upon approval by the voters of the proposition substantially in the form set forth below, the District may use the proceeds of said levies during the 2016-2017, 2017-2018, 2018-2019 and 2019-2020 school years by incurring an indebtedness by the issuance of short term obligations against the General Fund of the District, as authorized by Chapter 39.50 RCW,

and may expend the proceeds of said levies to pay such part of the general expenses of educational programs and operations of the District during such school years as may be authorized or allowed by law for the use of excess levy funds.

Section 2. It is hereby found and declared that the best interests of the District require the submission to the qualified electors of the District of the proposition of whether or not the District shall levy such excess tax for their ratification or rejection at a special election to be held therein on February 9, 2016.

King County Elections, as *ex officio* supervisor of elections in King County, Washington, is hereby requested to call and conduct said special election to be held within the District on said date and to submit to the qualified electors of the District the proposition substantially in the form hereinafter set forth.

The Secretary of the Board of Directors is hereby authorized and directed to certify said proposition substantially in the following form:

PROPOSITION NO. 1

SEATTLE SCHOOLS

OPERATIONS LEVY

Seattle School District No. 1 requests approval of this proposition to maintain current educational program funding levels. This proposition replaces an expiring levy and authorizes the District to levy the following excess taxes on all taxable property within the District, to support the District's educational programs and operations:

Collection Years	Approximate Levy Rate/\$1,000 Assessed Value*	Levy Amount
2017	\$ 1.38	\$ 229,400,000
2018	1.44	250,300,000
2019	1.53	278,600,000

Should this proposition be approved?

YES

NO.....

*The foregoing levy rates shall be adjusted as provided in Section 1 of this resolution.

The Secretary of the Board of Directors of the District is hereby directed to deliver a certified copy of this resolution to the Director of King County Elections.

Section 3. The Secretary of the Board of Directors is hereby authorized and directed to request King County Elections to prepare and distribute a voters' pamphlet for this proposition, and authorizes the payment of the costs of the voters' pamphlet.

ADOPTED by the Board of Directors of Seattle School District No. 1, King County, Washington, at a regular meeting thereof, held on the 4th day of November 2015.

SEATTLE SCHOOL DISTRICT NO. 1,
KING COUNTY, WASHINGTON

President and Director

Vice President and Director

Director

Director

Director

Director

Director

ATTEST:

Secretary, Board of Directors

CERTIFICATE

I, the undersigned, Secretary of the Board of Directors of Seattle School District No. 1, King County, Washington, (the "District") and keeper of the records of the Board of Directors (the "Board"), DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 2015/16-9 of the Board (the "Resolution"), duly adopted at a regular meeting thereof held on the 4th day of November 4, 2015.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper passage of the Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of November 4, 2015.

Secretary, Board of Directors

OFFICIAL BALLOT
 SEATTLE SCHOOL DISTRICT NO. 1
 KING COUNTY, WASHINGTON
 February 9, 2016

INSTRUCTIONS TO VOTERS: To vote in favor of the following proposition, place a cross (X) in the square opposite the words "YES"; to vote against the following proposition, place a cross (X) in the square opposite the words "NO."

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2017	\$ 1.38	\$ 229,400,000
2018	1.44	250,300,000
2019	1.53	278,600,000

Should this proposition be approved?

YES.....

NO.....

* The foregoing levy rates shall be adjusted as provided in Section 1 of Resolution No. 2015/16-9.

NOTICE
SEATTLE SCHOOL DISTRICT NO. 1
KING COUNTY, WASHINGTON
February 9, 2016

NOTICE IS HEREBY GIVEN that on February 9, 2016, a special election will be held in the above-named school district for the submission to the qualified electors of said school district of the following proposition:

PROPOSITION NO. 1

SEATTLE SCHOOLS

OPERATIONS LEVY

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2017	\$ 1.38	\$ 229,400,000
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Should this proposition be approved?

YES

NO.....

* The foregoing levy rates shall be adjusted as provided in Section 1 of Resolution No. 2015/16-9.

Director
King County Elections

<u>Levy Year</u>	<u>Assessed Value</u>	<u>Adj.</u>	<u>Operations</u>	<u>BEX</u>	<u>BTA</u>	<u>Levy Rate per \$1,000 of Assessed Value</u>			
						<u>OPS</u>	<u>BEX</u>	<u>BTA</u>	<u>Total</u>
2011	\$119,299,766,557	-3.0%	\$152,743,688	\$81,666,667	\$45,000,000	\$1.28	\$0.68	\$0.38	\$2.34
2012	\$116,621,326,354	-2.2%	\$153,320,683	\$81,666,667	\$45,000,000	\$1.31	\$0.70	\$0.39	\$2.40
2013	\$116,907,368,232	0.2%	\$159,468,576	\$81,666,667	\$45,000,000	\$1.36	\$0.70	\$0.38	\$2.45
2014	\$128,220,197,738	9.7%	\$166,059,562	\$115,816,666	\$45,000,000	\$1.30	\$0.90	\$0.35	\$2.55
2015	\$144,478,745,125	12.7%	\$184,608,860	\$115,816,666	\$45,000,000	\$1.28	\$0.80	\$0.31	\$2.39
2016	\$158,204,225,912	9.5%	\$196,356,645	\$115,816,667	\$45,000,000	\$1.24	\$0.73	\$0.28	\$2.26
2017	\$166,826,356,224	5.5%	\$229,400,000	\$115,816,667	\$79,216,666	\$1.38	\$0.69	\$0.47	\$2.54
2018	\$174,049,937,449	4.3%	\$250,300,000	\$115,816,667	\$79,216,666	\$1.44	\$0.67	\$0.46	\$2.56
2019	\$181,882,184,634	4.5%	\$278,600,000	\$115,816,667	\$79,216,667	\$1.53	\$0.64	\$0.44	\$2.60
2020	\$190,066,882,942	4.5%			\$79,216,667			\$0.42	\$0.42
2021	\$198,619,892,675	4.5%			\$79,216,667			\$0.40	\$0.40
2022	\$207,557,787,845	4.5%			\$79,216,667			\$0.38	\$0.38

<u>Levy Year</u>	<u>\$450K Home</u>	<u>Operations</u>	<u>BEX</u>	<u>BTA</u>	<u>Tax on \$450K Home</u>			
					<u>OPS</u>	<u>BEX</u>	<u>BTA</u>	<u>Total</u>
2014	\$450,000	\$166,059,562	\$115,816,666	\$45,000,000	\$583	\$406	\$158	\$1,147
2015	\$450,000	\$184,608,860	\$115,816,666	\$45,000,000	\$575	\$361	\$140	\$1,076
2016	\$450,000	\$196,356,645	\$115,816,667	\$45,000,000	\$559	\$329	\$128	\$1,016
2017	\$450,000	\$229,400,000	\$115,816,667	\$79,216,666	\$619	\$312	\$214	\$1,145
2018	\$450,000	\$250,300,000	\$115,816,667	\$79,216,666	\$647	\$299	\$205	\$1,151
2019	\$450,000	\$278,600,000	\$115,816,667	\$79,216,667	\$689	\$287	\$196	\$1,172

Notes

Assessed Values 2011-2015 are actual per Puget Sound Educational Service District.

Assessed Value 2016-2022 estimates are per City of Seattle's Proposed 2016 Budget.

Operations levy expires 2016, ballot Operations is 3yr/\$758.3M for 2017-2019. 2011-2015 are certified, 2016 is OSPI preliminary estimate.

BTA III levy expires 2016, ballot BTA IV is 6yr/\$475.3M for 2017-2022.

BEX IV levy expires 2019.

2015 Levy Statistics

	A	B	C	D	E	F	G
1	King County School Levy Tax Rates Per \$1,000 Assessed Value 2015						
2							
3	District	M&O	CPF	Bonds	DSF	TVF	Total
4	Federal Way	\$ 3.75	\$ 1.22	\$ 1.44	\$ -	\$ -	\$ 6.42
5	Tahoma	\$ 3.26	\$ 0.54	\$ 2.37	\$ -	\$ -	\$ 6.17
6	Auburn	\$ 3.86	\$ 0.86	\$ 1.42	\$ -	\$ -	\$ 6.14
7	Tukwila	\$ 3.47	\$ 0.29	\$ 1.73	\$ -	\$ -	\$ 5.50
8	Kent	\$ 3.63	\$ 0.38	\$ 1.41	\$ -	\$ -	\$ 5.41
9	Highline	\$ 3.68	\$ -	\$ 1.71	\$ -	\$ -	\$ 5.39
10	Enumclaw	\$ 3.50	\$ 0.24	\$ 1.47	\$ -	\$ -	\$ 5.21
11	Shoreline	\$ 2.56	\$ 0.31	\$ 1.88	\$ -	\$ -	\$ 4.76
12	Renton	\$ 2.42	\$ 0.46	\$ 1.71	\$ -	\$ -	\$ 4.59
13	Northshore	\$ 2.15	\$ 0.35	\$ 1.93	\$ -	\$ -	\$ 4.44
14	Riverview	\$ 2.43	\$ 0.56	\$ 1.22	\$ -	\$ -	\$ 4.20
15	Issaquah	\$ 1.95	\$ 0.51	\$ 1.59	\$ -	\$ 0.08	\$ 4.14
16	Vashon Island	\$ 1.71	\$ 0.41	\$ 1.72	\$ -	\$ -	\$ 3.83
17	Snoqualmie Valley	\$ 2.22	\$ 0.39	\$ 1.19	\$ -	\$ -	\$ 3.81
18	Lake Washington	\$ 1.46	\$ 0.97	\$ 0.87	\$ -	\$ -	\$ 3.30
19	Bellevue	\$ 1.20	\$ 0.56	\$ 1.37	\$ -	\$ -	\$ 3.13
20	Mercer Island	\$ 1.38	\$ 0.51	\$ 0.83	\$ -	\$ -	\$ 2.72
21	Seattle	\$ 1.28	\$ 1.11	\$ -	\$ -	\$ -	\$ 2.39
22	Skykomish	\$ 1.83	\$ -	\$ -	\$ -	\$ -	\$ 1.83
23	Average District Tax Rate						\$ 4.39
24							
25	Seattle 2015 Levies	Rate	\$\$\$	Capacity	Notes		
26	M&O	\$ 1.28	\$ 184,600,493		\$ per PSESD		
27	CPF	\$ 1.11	\$ 160,804,843		\$ per PSESD		
28	Total	\$ 2.39	\$ 345,405,336				
29							
30	Total at Avg Rate	\$ 4.39	\$ 633,911,140	\$ 288,505,804			
31							
32	Total at Bellevue Rate	\$ 3.13	\$ 451,871,723	\$ 106,466,387			
33							
34	Seattle Voter Approval Rates	M&O	CPF				
35	February 2019		tbd	tbd	BEX		
36	February 2016		tbd	tbd	BTA		
37	February 2013		75.17%	72.17%	BEX		
38	February 2010		74.09%	73.45%	BTA		
39	November 2010		67.24%		Supplemental (off cycle)		
40	February 2007		72.25%	68.57%	BEX		